

Performance Review

Returns (%; net of fees. As of June 30, 2011.)	QTD	1 Year	Annualized			Expense Ratio	
			3 Years	5 Years	Since Inception	Total	Net*
Lazard U.S. Equity Value Portfolio (Institutional Shares) Inception: September 30, 2005	-1.19	27.22	2.39	2.40	3.11	2.76	0.75
Lazard U.S. Equity Value Portfolio (Open Shares) Inception: September 30, 2005	-1.28	26.73	2.09	2.14	2.83	7.28	1.05
Russell 1000 Value Index	-0.50	28.94	2.28	1.15	2.35	N/A	N/A

* Reflects a contractual agreement by the Investment Manager to waive its fee and, if necessary, reimburse the Portfolio through April 30, 2012, to the extent Total Annual Portfolio Operating Expenses exceed .75% and 1.05% of the average daily net assets of the Portfolio's Institutional Shares and Open Shares, respectively, and from May 1, 2012 through April 30, 2021, to the extent Total Annual Portfolio Operating Expenses exceed 1.10% and 1.40% of the average daily net assets of the Portfolio's Institutional Shares and Open Shares, respectively, exclusive of taxes, brokerage, interest on borrowings, fees and expenses of "Acquired Funds" and extraordinary expenses, and excluding shareholder redemption fees or other transaction fees. This agreement can only be amended by agreement of the Fund and the Investment Manager to lower the net amount shown and will terminate automatically in the event of termination of the Investment Management Agreement between the Investment Manager and the Fund, on behalf of the Portfolio.

Morningstar Rating¹

	3 Years Out of 1,114	5 Years Out of 964	Overall Out of 1,114
Lazard U.S. Equity Value Portfolio (Institutional Shares)	★★★	★★★	★★★
Lazard U.S. Equity Value Portfolio (Open Shares)	★★★	★★★	★★★

The performance quoted represents past performance. Past performance does not guarantee future results. The current performance may be lower or higher than the performance data quoted. An investor may obtain performance data current to the most recent month-end online at www.LazardNet.com. The investment return and principal value of the Portfolio will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. Returns reflect reimbursement of expenses as described in the prospectus. Had expenses not been reimbursed, returns would have been lower.

Commentary²

The Lazard U.S. Equity Value Portfolio underperformed the Russell 1000 Value Index during the second quarter.

Stock Highlights by Sector^{2,3}

Consumer Staples

(0.22% attribution effect)

Shares of Ralcorp (0.5% of the Portfolio), the largest producer of private label food in the United States, increased after it received an unsolicited bid, which the company rejected. The private label food producer also benefited from pre-announcing earnings, which were ahead of expectations. We believe Ralcorp is attractive as it offers stable free-cash-flow characteristics, further opportunities to consolidate the U.S. private label market, and balance sheet flexibility.

Financials

(-0.34% attribution effect)

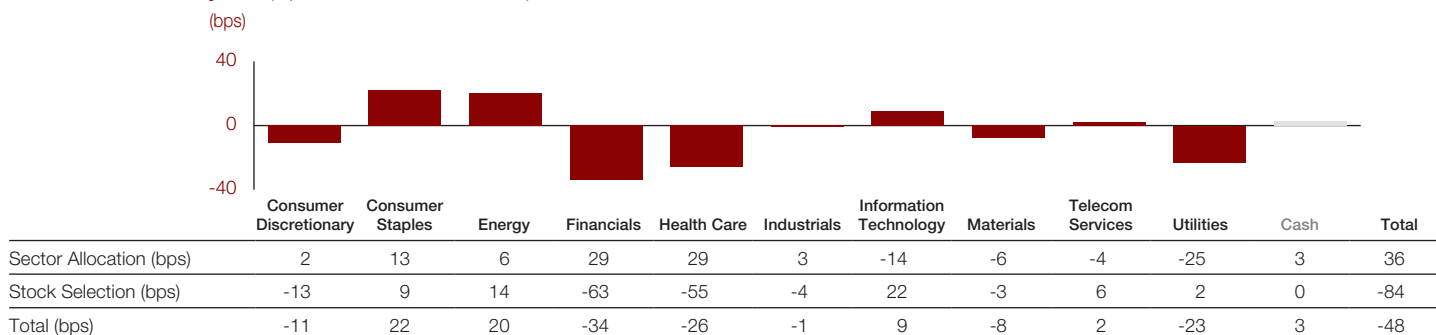
The Portfolio's exposure to diversified financial companies JPMorgan Chase (4.0% of the Portfolio), Bank of America (2.4% of the Portfolio), and Wells Fargo (3.6% of the Portfolio) hurt returns. The companies' declines were largely due to continued uncertainty in the regulatory environment.

Health Care

(-0.26% attribution effect)

Stock selection in the health care sector also hurt performance. A lack of exposure to Biogen Idec, which appreciated during the quarter, detracted from returns.

Value Added Analysis³ (April 1 to June 30, 2011)



Market Review

During the quarter, the market experienced elevated levels of macroeconomic uncertainty. Worries about Greece's additional fiscal package and the country's parliament vote shadowed the market until the last week of June when a resolution was reached, at least for the near-term. Investors were also concerned that the Chinese economy, responsible for much of global growth, may be rapidly slowing. On the domestic front, a string of negative readings on housing, employment, and manufacturing led investors to question whether growth expectations for the U.S. economy were too high. The best-performing sectors in the Russell 1000 Value Index during the quarter were traditional defensives such as health care, utilities, and consumer staples. The financials and energy sectors posted the lowest returns.

Looking Ahead

We continue to focus on the companies with the most operational flexibility to adjust to such an environment were it to occur. Moreover, if we were to move into a more inflationary environment, we believe that the companies with the strongest balance sheets and cash flow would be able to handle the macroeconomic transition most easily as they would earn incremental income on their net cash, face less pressure from increased interest rates on their debt, and be positioned to capitalize on the pain felt by competitors in an inferior financial position.

Understanding Investment Risk

Equity securities will fluctuate in price. The value of your investment in the Portfolio will fluctuate, which may result in a loss.

The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. (The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.) The index is unmanaged and has no fees. One cannot invest directly in an index.

The Portfolio invests in stocks believed by Lazard to be undervalued, but that may not realize their perceived value for extended periods of time or may never realize their perceived value. The stocks in which the Portfolio invests may respond differently to market and other developments than other types of stocks.

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- 2 The securities identified should not be considered a recommendation or solicitation to purchase or sell these securities. It should not be assumed that any of the referenced securities were or will prove to be profitable, or that the investment decisions we make in the future will be profitable or equal to the investment performance of securities referenced herein. There is no assurance that any securities referenced herein are currently held in the Portfolio or that securities sold have not been repurchased. The securities discussed do not represent the Portfolio's entire holdings.
- 3 As of June 30, 2011. The value added analysis is provided for illustrative purposes only, as values are calculated based on returns gross of fees. Performance would have been lower if fees and expenses were included. Sector breakdowns may not sum to total due to rounding. "Stock Selection" represents the value added by the ability of the manager to select better performing stocks. "Sector Allocation" represents the value added by the manager's underweight and overweight positions to the various sectors. "Total" is the sum of the "Stock Selection" and "Sector Allocation" effects. The performance shown represents past performance. Past performance does not guarantee future results. Allocations are subject to change.

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